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ZNY CCCCC ZZH
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FM AMCONSUL JEDDAH
TO RUEHC/SECSTATE WASHDC PRIORITY 8886
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE PRIORITY
RUCNISL/ISLAMIC COLLECTIVE PRIORITY
RUEHRH/AMEMBASSY RIYADH PRIORITY 6242
RUEAIIA/CIA WASHDC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 03 JEDDAH 000199

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E.O. 12958: DECL: 03/07/2016
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SUBJECT: SAUDI FOOD GIANT PIONEERS ISLAMIC BUSINESS ETHICS

REF: 05 JEDDAH 03712

Classified By: Consul General Tatiana C. Gfoeller for reasons 1.4 (b) a
nd (d).

¶1. (C) SUMMARY. Savola Group, Saudi Arabia's leading foods
supplier and the country's second largest industrial
enterprise, has developed a code of professional ethics and
values that blend Western business standards with indigenous
Islamic traditions. In a time when the country's work force
is shifting from one comprised significantly of third-country
nationals to one with a Saudi majority, the forward-thinking
program promotes transparency and efficiency, serving as a
potential model both for the effective implementation of the
SAG's ongoing Saudization campaign and for the development of
broader consumer protection. END SUMMARY

PIONEERING AN ETHICS AND VALUES-DRIVEN MODEL

¶2. (U) Savola Group, Saudi Arabia's leading food supply
company, the country's second largest industrial enterprise,
and the owner of the Middle East's largest retail food chain
reported 2005 assets of more than \$2.2 billion (see reftel).
In a climate of Saudization, when companies are obligated to
hire increasing numbers of Saudi workers to re-align the
previously foreign-dominated labor force, businesses have
sought methods for motivating employees, promoting efficiency
and transparency, and developing professional skills.
According to Mazen Redwan, a Savola representative who
outlined the company's practices in a March 5 meeting with
Poloff, this can best be done through an ethics and
values-driven approach to business.

¶3. (U) Beginning with the creation of a task force on ethics
and values in 2002, Savola has fused Western business ideals
with indigenous Islamic ethical traditions to appeal to and
to motivate a Saudi work force that, like the society, is
largely religious. Working with both Western consulting
firms and eminent Islamic scholars, the company released a
code of conduct in 2003 and began company-wide ethics and
values training the following year. The code of conduct is
divided into two sections, one on ethical principles and one
on values.

ISLAMIC ETHICS, PRACTICAL IMPLICATIONS

¶4. (U) According to precepts detailed in Savola's ethical
code of conduct, "individuals in an organization function
more efficiently, and, consequently, the organization

functions in a more coordinated manner in the presence of a guiding set of ethical principles...It is our belief that despite all efforts, success in business needs a blessing from Allah. The blessing comes only if our intentions are moral and free from hypocrisy." Savola's approach to ethics focuses on four principles: amanah("honesty"), taqwa("conscientiousness"), birr ("caring justice), and mujahadah ("striving"), all of which have both religious and practical connotations. In his presentation of these tenets, Redwan referenced "The Quran" and "The Hadith" (sayings of the Prophet Muhammad) in addition to detailing the professional implications of each term.

15. (U) Savola uses amanah (best translated as "honesty") to underscore the importance of dealing with customers, vendors, suppliers, and the community at large in a transparent manner. Redwan explained that the term requires the fulfillment of business pledges to clients and investors as well as a commitment to resolve any professional disputes between stakeholders with objectivity. Similarly, Savola views taqwa (translated as "conscientiousness" but indicating religious sincerity) as providing a "moral constraint" to avoid ambiguity. Redwan quoted Muhammad as saying, "That which is lawful is plain and that which is unlawful is plain and between the two of them are doubtful matters about which not many people know. Thus, he who avoids doubtful matters clears himself in regard to his religion and his honor, but he who falls into doubtful matters falls into that which is unlawful." Taqwa encourages employees to carefully examine issues that present any moral or legal question. For example, should the company possess proprietary knowledge of the adverse impact of a product that is not yet known to regulators, such information should be disclosed. The implication is that there is a moral obligation, even in the absence of a legal requirement, to protect Savola's ethical

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foundation, and ultimately its public reputation.

16. (U) Birr (translated by Savola as "caring justice" and traditionally indicating the fair treatment of others, i.e. parents toward their children) commits Savola employees to safeguarding their colleagues, welfare. According to "The Hadith," "None of you (truly) believe until he wishes for his brother what he wishes for himself." Redwan said that this concept is implemented in business through such activities as paying employees on time and ensuring that no work conditions are hazardous, thus raising morale. The fourth ethical concept, mujahadah ("personal control" or "striving") is rooted in the spiritual goal of realizing one's potential through self-discipline and devotion to God. Savola uses it to inspire its employees to challenge themselves and to resist complacency.

"THE SAVOLA 8"

17. (U) In addition to its ethical standards, Savola's approach to corporate conduct comprises a set of eight values, dubbed "The Savola 8." The first is tawado, meaning "confident humility" in the company's parlance. This encompasses the confidence to accept guidance and constructive criticism while not being encumbered by either arrogance or self-doubt. Its external counterpart is iqbal ("advancing"), which in a traditional context would indicate modesty and the willingness to explore others' ideas. Savola interprets this as promoting good communication skills among its employees and encouraging them to think in a non-adversarial manner--"the ability to blur the distinction between ours, and theirs.," Tied to this is the concept of iqtida ("apprenticeship") in reference to following righteous men, such as Muhammad. In the business context, this means selecting role models and working with mentors to develop professional skills, particularly in the area of leadership.

18. (U) Ihsan al dhan ("trusting") is an Islamic concept

exhorting believers to maintain faith and optimism in others, motives and not to pre-judge their intentions. Ihsan al dhan is nonetheless tempered by caution as, according to Redwan, "only God can be trusted 100 percent." This principle combines with qabool ("acceptance") to encourage open-mindedness, tolerance, and experience-sharing in the workplace. Similarly, mu,azarah (caring or supporting) emphasizes one's common link to humanity as well as a sense of brotherhood and mutual respect, a key component of Islamic teachings. Savola utilizes this concept to highlight the importance of teamwork and cooperation among colleagues. The final two principles of azm ("resolve" or "will") and iqan ("perfection" in the pursuit of religious piety) translate two basic Islamic concepts into a professional commitment to act decisively and effectively (i.e. to "deliver") and to maintain high standards of quality.

"DOING YOUR HOMEWORK"

¶9. (U) Redwan emphasized that Savola's efforts to promote corporate ethics and values were part of an equation understood by any devout Muslim. "We tell our employees that results are not entirely determined by their own effort and commitment," he said. "You must rely on God for these efforts to translate into success. However, everyone must do their homework, and seek knowledge. Only then can God help you finish the task." To ensure that employees are in fact doing their "homework," every new hire at Savola is required to attend a two-day workshop on ethics and values, followed by a six-week period in which they must document examples of the application of these values in their daily work. Men and women are equal participants in the workshops and must follow identical guidelines on ethics and values. (Note: Savola has shown itself to be relatively progressive in the hiring of women and currently has women employed in the financial, programming and consulting divisions).

¶10. (U) For its part, Redwan proudly claimed that Savola's management abides by its stated values in practice. He gave concrete examples of birr, whereby each employee is eligible for an interest-free home loan from the company after working for three years, and of mu,azarah, where employees can elect to allocate a portion of each month's salary to a common fund that is then used by other employees in times of need.

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COMMENT

¶11. (C) Savola's program to synthesize Islamic traditions with the ideals of Western business practices anticipates a forward-thinking approach to Saudization initiatives and promotes stronger ideals of consumer protection. As more Saudis join the ranks of the country's work force, similar programs could help to motivate professionals whose educational background is largely focused on religious instruction at the expense of practical skills and who often lack a strong work ethic. By promoting best practices within an Islamic context, Savola's model has potential implications for other companies operating in a society with few mechanisms of consumer protection and a poorly developed tort system. END COMMENT
Gfoeller